

M e m o r a n d u m

To: Panel Members Date: 9/25/2003

From: Diana Torres, Manager Analyst: J. Davey

Subject: One-Step Agreement for **MWB Copy Products, Inc., d.b.a. MWB Business Systems (SET)**

CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition
SET - Workers earning State aver. hourly wage
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Services
- Repeat Contractor: Yes
- Contractor's Full-Time Employees
 - *Worldwide:* 595
 - *In California:* 234
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$184,600
- Substantial Contribution: \$0
- Total ETP Funding: \$184,600
- Total In-kind Contribution: \$319,000
 - *Trainee Wages Paid During Training:* \$319,000
 - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles, Orange, San Bernardino, San Diego

INTRODUCTION:

MWB Copy Products, Inc., d.b.a. MWB Business Systems (MWB) is a wholly owned subsidiary of Imagine Technology Group, Inc. (ITG), headquartered in Chicago, Illinois. MWB sells and maintains office machines and after market supplies. MWB has its corporate headquarters in California and is eligible for ETP funding under Title 22, California Code of Regulations, Section, 4416(d)(1) in support of its out-of-state locations. In addition, Service Technicians are eligible for funding under the Special Employment Training (SET) provisions outlined under Title 22, California Code of Regulations, Section 4409(a) for workers earning at least the statewide average hourly wage.

MWB is seeking ETP funding to retrain its current workforce in new processes and procedures, new product technology, and new consultative sales approaches to move the company to a high performance workplace.

MEETING ETP GOALS AND OBJECTIVES:

MWB proposes training that will further the following ETP goals and objectives:

1. Training is targeted to meet the need for skilled workers in imaging services where companies face strong competition from abroad and other states including New Jersey, New York, and Connecticut. Thus, this project meets ETP's legislative mandate to foster job retention in industries threatened by out-of-state competition.
2. Training is also targeted to frontline workers earning high wages, well above the ETP minimum wage. Training will provide workers employment in high-wage, high-skill jobs - meeting ETP's legislative mandate to invest in developing the skills of frontline workers and to foster job retention of high-wage, high-skilled jobs.
3. Training will increase the impact of ETP funds on the California economy by encouraging the growth of a California-based business.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Jobs Numbers 1 – 3 Retrainees	Business Skills Computer Skills	115	40 – 100	0	\$520 - \$1,300	*\$10.98 - \$65.00
SET Frontline Worker Job Number 4 Retrainees	Business Skills Computer Skills	19	200	0	\$2,600	*\$19.96 – 32.00
					<u>Prevalent Hourly Wage</u> \$23.67	
					<u>Average Cost Per Trainee</u> \$1,377	
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> *Health benefits of at least \$.76 per hour will be applied to the base wage in order to meet the ETP minimum hourly wage. *Health benefits of at least \$.76 per hour will be applied to the base wage in order to meet the SET ETP minimum hourly wage requirement for Frontline Workers earning the state average wage.					<u>Turnover Rate</u> 18%	<u>% Of Mgrs & Supervisors To Be Trained:</u> 4%
<u>Other Employee Benefits:</u> In addition to Health Benefits, MWB offers Life Insurance, Accidental Death & Dismemberment Insurance, flexible spending plans to cover health care and childcare costs, spouse and dependent life insurance, vision discount program and 401(K) plan, and personal short term disability coverage.						

COMMENTS / ISSUES:

➤ *Frontline Workers*

All participants in this project meet the Panel definition of frontline workers under Title 22, California Code of Regulations (CCR), Section 4400(ee). Managers will also participate in training; however, MWB states that no senior level managers who set company policy are included in the proposal. Furthermore, no managers will be trained under SET funding.

➤ *Production During Training*

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services that will ultimately be sold.

➤ *Substantial Contribution*

The proposed Contractor is a repeat Contractor, having received ETP funding in two previous Agreements within the last five years, but is not subject to the substantial contribution requirement because both Agreements earned less than \$250,000.

PROPOSED ACTION:

Staff recommends that the Panel:

- (1) Accept the proposed Contractor's need to retrain 134 of its current employees in business skills and computer skills in order to improve processes and procedures, increase knowledge in new technology, and learn new sales approaches to meet new business challenges and move to a high performance workplace.
- (2) Accept the proposed Contractor's request to train frontline workers earning at least the statewide average wage under the SET provisions.
- (3) Approve this Agreement if funding is available and the project meets the Panel priorities.

NARRATIVE:

MWB Copy Products, Inc., d.b.a. MWB Business Systems (MWB) is a wholly owned subsidiary of Imagine Technology Group, Inc (ITG), headquartered in Chicago, Illinois. MWB sells and maintains office machines and after market supplies. With locations in Irvine and seven other southern California locations, MWB employs 234 in California.

According to the proposed Contractor, the company must expand its business opportunities outside of California in order to grow and expand. MWB is evolving from a company that primarily served small and medium-sized companies to one that is poised to serve large, Fortune 1000 companies and establish a national and international market presence. As a small, privately held company, MWB competes with large global companies such as Ricoh, Canon, IKON, and Xerox. However, to meet its competition in the global marketplace, MWB must introduce new and more sophisticated products, introduce new sales approaches and streamline its processes and procedures.

MWB has recently created a business relationship with Sharp Electronics Corporation to sell and service Sharp's office system products. The level of commitment Sharp requires of its dealers means that MWB must retrain its current workers in Sharp's equipment technology, installation, maintenance, and service requirements. As Sharp's Premier Dealer, MWB will be the single point of contact for specific Sharp customers worldwide. In addition, MWB has recently introduced a new upgrade to its proprietary DocuAudit Workflow Analysis system. DocuAudit is a financial and technical analysis software program designed to determine a customer's office equipment efficiency and workflow needs. In addition to this software, MWB also has a new product called E-file, a document management system that electronically stores and retrieves documents.

In order to meet the new challenge of expanding its market, MWB proposes to retrain 134 of its employees in a menu curriculum of business skills and computer skills. Based on their needs, marketing/wholesale and sales representatives, managers, service technicians, support staff and warehouse staff will receive training in business skills including the following topics: communication skills, project management, team participation, internal process improvement, new product sales and marketing, customer presentation skills, and new product launch processes.

The same occupations will receive training based on need in computer skills in the following topics: technical functions, operation, maintenance, and implementation of new products E-file and DocuAudit.

Supplemental Nature of Training

Panel Legislation requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs. MWB states that it provides ongoing new hire orientation training, product knowledge, manufacturer update training, basic computer and network skills, basic sales, and customer service training.

In its previous ETP Agreements, MWB provided training to its frontline workers in new technology training to stay current with the shift from analog to digital technology. Since MWB used SET funding, only the frontline workers earning high wages could participate in training. The company's products were changing from stand-alone, non-integrated copy machines to fully integrated, digital computer technology. This previous ETP-funded training has provided

NARRATIVE: (continued)

the foundation for the advanced training requested in this proposal. Now that the company has expanded outside of California, it qualifies under the out-of-state competition provisions and can provide training to a greater number of its workforce than in its past two Agreements.

According to the proposed Contractor, elements of the proposed ETP training plan will be included in its ongoing training following the completion of the Agreement. The company's budget for the two years following ETP-funded training will be approximately \$200,000.

SUBCONTRACTORS:

Training Funding Partners (Irvine, California) - \$9,230 – administration.

Sharp Electronics (Huntington Beach, California) - \$10,000 – computer skills training.

Liberty IMS (Costa Mesa, California) - \$4,000 – computer skills training.

180 Degree Solutions (Anaheim, California) - \$12,000 – computer skills training.

New Horizons Learning Center (Colton, California) - \$8,000 – computer skills training.

Hitachi Koki Imaging (Simi Valley, California) - \$13,000 – computer skills training.

THIRD PARTY SERVICES:

Training Funding Partners assisted with the development of the ETP Application. The amount reimbursed for these services is a flat fee of \$15,000.

PRIOR PROJECTS:

The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

PRIOR PROJECTS				
Agreement Number	Location (City)	% Earned	Planned In-kind Contribution	Reported In-kind Contribution
ET01-0217	Statewide	95%	N/A	*N/A
ET8-0700	Statewide	72%	N/A	*N/A

* Although ETP policy did not require an employer in-kind contribution during the approval of these Agreements, MWB estimated that its in-kind was at 150% of the earned amounts. This estimate is based on wages and trainer costs incurred in connection with the training plan delivered.

MWB COPY PRODUCTS, INC., D.B.A. MWB BUSINESS SYSTEMS
CURRICULUM

Class/Lab Hours Menu: Trainees will receive any of the following types of training

40 – 200

Business Skills

- Oral and Written Communication
- Analytical Thinking
- Team Participation
- Leadership Skills
- Internal Process Improvement
- Solution Sales Approach
- Marketing Skills for New Products/Solutions
- Oral and Written Communications in a Customer Environment
- Negotiation Skills
- Upgraded DocuAudit Processes and Procedures
- Project Management Skills
- Printegration TM Processes and Procedures
- New Product Launch Processes and Procedures
- Call Center Management Concepts
- Customer Service Skills in a Worldwide Customer Environment
- Service Support Responsiveness
- Parts Inventory Management

MWB COPY PRODUCTS, INC., D.B.A. MWB BUSINESS SYSTEMS
CURRICULUM

Class/Lab Hours Menu: Trainees will receive any of the following types of training

40 - 200

Computer Skills

- Upgraded DocuAudit Software Application
- System Support Tools
- Printgration TM Software Application
- New Product Functions, Operation, Maintenance, and Implementation:
 - Hitachi Products
 - Sharp Products
 - E-File
- Understanding Software Requirements and Specifications
- Digital Lab Testing Processes and Procedures
- Research & Development Techniques
- Advanced Equipment/System Diagnostic Skills
- Manufacturer System Equipment/System Architecture
- Certified Document Imaging Architect
- Networking Certification